

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF BARBARA) APPEAL NO. 07-A-2587
BARSNESS from the decision of the Board of) FINAL DECISION
Equalization of Valley County for tax year 2007.) AND ORDER

COTTAGE SITE APPEAL

THIS MATTER came on for hearing January 24, 2008 in Cascade, Idaho before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs, David E. Kinghorn and Linda S. Pike participated in this decision. Appellant Barbara Barsness appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi and County Appraiser Charles Pickens appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. XR001960020050A.

The issue on appeal is the market value of a leased State land cottage site.

The decision of the Valley County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$136,300. Appellant requests the land value be reduced to \$69,930.

The subject property is second-tier lot with access to Payette Lake in Pilgrim's Cove. The land size is .33 acres The cottage site is leased from the State of Idaho. On the leased site are privately-owned improvements assessed separately to a different assessment parcel number. The improvements' parcel was not appealed.

Subject's first 2007 assessment purportedly reflected a nearly 400% increase over the prior year. Appellant explained a second assessment notice reduced the assessed value from \$267,280 to \$136,300, a 50% reduction. Appellant then received a corrected assessment notice

for the unappealed, improvement parcel which reflected an increased of \$20,000 over the original 2007 assessment. Appellant challenged the method of valuation used in the assessments because subject is leased land and should not be compared to property held in fee simple.

According to Taxpayer there were no sales of cottages on leased State land in 2005 or 2006. Therefore the County could not have any comparable sales. Appellant stated two Realtors explained there is no market whatsoever for property on leased land. Further it was contended appraisals for leased land were not available as independent appraisers see no value in such properties.

Appellant did submit a 2007 Payette Lake closing statement for a leased land property showing the sale amount was \$125,000. An additional note stated the value of the leased lot was \$78,810. No other details were provided on the property or transaction.

Respondent maintained Idaho Code required leased land be valued as if held in private fee simple title. Respondent noted the reason for valuing State leased land is to provide the Payette Lake Sewer and Water District a basis from which to collect fees from the tenants using their services.

The County presented eight (8) bare land sales to support subject's assessed land value. These properties ranged in size from .115 to 1.00 acres and in sale price from \$90,000 to \$179,000. The sale prices were compared to their assessed values which indicated an assessment level of 86%. The Assessor noted the subject has lake access, an important value factor, which the comparable sale properties all lacked.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments

and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of taxation Idaho requires property be assessed at market value as defined in Idaho Code § 63-201(10);

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

The Board has no jurisdiction regarding the improvement’s valuation as an appeal for the improvement value was not filed.

Respondent used eight bare land sales which occurred during 2005 and 2006 to establish the market value for subject.

Appellant challenged the method used by Respondent to value subject. Specifically, Appellant contended using property held in fee simple as a basis for valuing subject, a leasehold, was not valid because they are not “like” properties.

Respondent maintained Idaho Code requires leased parcels be valued the same as non-leaseholds.

Idaho Code § 39-3635 addresses cottage site leases and reads in pertinent part:

(3) Notwithstanding that title to a cottage site remains in the state of Idaho, each cottage site lessee shall pay to any district operating a sewer system to which the cottage site is connected as provided in subsection (2) of this section, each year in the same manner and at the same time as county taxes are paid and collected a sum of money in lieu of taxes equal to the sum which would have been paid had the cottage site been held in private ownership, hereinafter called special benefits payments . . . The cottage site lessee shall have such rights of protest, hearings and appeals with respect to the valuation of the cottage site for purposes of determining the special

benefits payments as if such cottage site were held in private ownership. (Emphasis added.)

Appellant presented one (1) 2007 sale with very little to no property details. The County Assessor is required by law to assess the subject property as of January 1 each tax year. The sale was beyond the current year lien date of January 1, 2007 and was thus untimely evidence.

Respondent analyzed eight (8) bare land sales located in the general area of subject. From the information presented, the Board finds the County thoughtfully and reasonably valued subject. The law requires such leased property be valued as if it were held in private ownership (unencumbered fee simple interest). Nothing in the record indicates the method used by Respondent to value subject was erroneous. Accordingly, the Board will affirm the decision of the Valley County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

DATED APRIL 3, 2008